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## **East Asia**

***Southeast Asia***  
***Vietnam: TAP CHI CONG SAN***  
***No 12, December 1989***

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# East Asia

## Southeast Asia

### Vietnam: TAP CHI CONG SAN

#### No 12, December 1989

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17 July 1990

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## **Renovation in the Military and the Construction of an Army To Support Renovation**

902E0184A Hanoi TAP CHI CONG SAN  
in Vietnamese No 12, Dec 89 pp 1-3

[Text] After 45 years of fighting, building, maturing, and completing the tasks assigned it by the party and people, our army is now facing a very important turning point regarding the future development of the country. It must carry on all-round renovation in all spheres in order to successfully complete the two strategic tasks of building socialism and defending our socialist Vietnamese fatherland.

How has the military, a separate sphere, carried on renovation, and what are the problems for the entire party, all the people, and the entire military in the military sphere?

In the past period, in carrying out the renovation line of the Sixth Party Congress, in the military sphere, specific renovations have been made. These are manifested most clearly in the policy of "revising the strategy" to fit the new situation and tasks and renovation in other spheres.

Starting from the general requirements of implementing the two strategic tasks of building and defending the country in the new situation and from the specific requirements in our country's military sphere, the task of revising the strategy has been carried on based on the following themes:

Strive to limit and end armed conflicts at the "hot points" along our borders and at sea so that these conflicts do not lead to war.

Strive to fulfill our international obligations in Cambodia and actively withdraw all Vietnamese volunteer forces.

Greatly reduce the size of our standing army. Concentrate efforts on improving the quality of the army and give attention to building reserve and militia and self-defense forces based on a firm political and ideological foundation.

Gradually strengthen all-people national defense throughout the country and in each locality, concentrate on building provincial and municipal defense zones, and maintain combat readiness throughout the country.

Naturally, revising the strategy based on the above themes is a major undertaking that is closely related to and that greatly affects many other spheres. This cannot be completed in a short period of time.

Renovation in the military goes beyond simply determining strategic guidelines. The more difficult and complex question is how to strengthen the national defense potential and combat capabilities of our armed forces to the point where we can rest assured even if war should break out. This poses many renovation problems. The armed forces must be reorganized in an appropriate

manner, and they must have good quality. The command, rear services and technology, and school systems must be improved. The military units and national defense enterprises must be reorganized to carry on economic activities. The military scientific and technical research institutes must be converted to scientific, technical, and production research federations to support both national defense and the economy and society. Party work, political activities, and military rear area activities must be improved in order to increase the army's spiritual strength.

Because of its special nature, renovation in the military must not only satisfy the general requirements of national renovation but also obey the separate laws of the military. At the same time, the tendency to be either too hard or too soft must be avoided. Renovation in the military must ensure safety and security for economic and political renovation and renovation in the other spheres. It must bring peace and stability to the country so that the people can concentrate on building and developing the economy and stabilizing and gradually improving their lives. It must also make rational adjustments and gradually reduce the national defense budget.

In order to continue to carry on renovation in the military in a stable and active manner, the entire army and all the people must do many tasks, some of which are basic, long-term tasks that will set the direction of renovation and which have pressing requirements in organizing and implementing renovation.

First, summarizing the experiences and military theories of the country during the past 45 years must be promoted. These must be coordinated with the world's new thinking in the military sphere in order to form a scientific and practical basis for renovating military thinking and building and gradually perfecting Vietnamese military science in the new age. Renovating military thinking cannot be separated from renovating economic and political thinking, because the economy and politics both have a strong and decisive effect on the military. Only by renovating military thinking and military theory can we set correct directions and have a theoretical basis for renovating military problems, national defense, and the army.

Second, many theoretical and practical problems must be studied and solved in order to virtually complete the revision of the strategy in the coming years and tie this to formulating an economic-social strategy in order to perfect the military strategy in the coming period. The task of military science is to clarify the theoretical and practical basis of military strategy, provide each person with new knowledge concerning military affairs, war to defend the fatherland, all-peoples national defense, and the need to build a regular, modern army in our country.

Third, there must be a real change in the integrated quality of the armed forces, and there must be a rational number of regular troops. To do this, an integrated plan must be formulated and implemented, and there must be

targets and clear steps concerning reorganizing the armed forces based on the requirements of maintaining military strategy and building a regular and modern army that is in accord with the country's real situation. The important and urgent thing today is to promptly replace or supplement the positions and policies that are no longer suitable and implement new positions and policies aimed at providing a material and spiritual basis for "man," the decisive factor in the armed forces. At the same time, the relationship between the economic sectors and the military sectors must be renovated, and there must be close ties and a relationship of mutual aid between the economy and national defense in peacetime as well as in wartime.

Fourth, all-people's national defense education must be carried on using essential themes and appropriate forms. This must be regarded as an essential element in educating all the people and raising their cultural standards and concept of defending the fatherland. This is also a spiritual basis for carrying on military renovation among the people.

Military renovation must take firm steps and have clear targets, but this must be placed within the context of

national renovation. This cannot be carried on just by military forces. This requires the active participation of the economic, cultural, and social sectors and of all strata of people, who must have a spirit of responsibility with respect to their sacred obligation to defend the fatherland. In organizing the party and administration at the various echelons, attention must be focused on leading and guiding military renovation and creating favorable conditions for renovation in the military to keep pace with national renovation.

### **One Year of the Section 'Socialism: Retrospective and Renovation'**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 4-11

[Article not translated]

### **Renovating Foreign Views and the Basic Principles of Lenin on Foreign Policy**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 12-16

[Article by Quoc Tuy; not translated]

## Research

### A Number of Problems That Must Be Developed in Marxist-Leninist Theory (Continued)

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 12, Dec 89 pp 17-25

[Article by Tran Duc Thao; not translated]

### Man and Nature in the Present Age

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 12, Dec 89 pp 26-32

[Article by Thien Nhan and Hoang Cong; not translated]

## Exchange of Opinions

### Important Initial Results in Fighting Inflation

902E0184B Hanoi TAP CHI CONG SAN in Vietnamese No 12, Dec 89 pp 33-36

[Article by Nguyen Van Truong, high-level economic specialist]

[Text] Implementing the resolutions of the CPV [Communist Party of Vietnam] Central Committee and Politburo on controlling and gradually reducing inflation, we have achieved some important initial results. This is due in part to the resolute guidance of the Council of Ministers and to the great resolve of the echelons and sectors in organizing and implementing the resolutions based on listening to and accepting ideas contributed at scientific debates and in the reports and proposals of cadres and others. Since the end of 1988, prices have gradually stabilized, the purchasing power of the dong has increased, and the inflation rate has declined somewhat. That is a clear victory. However, new difficulties have arisen in production, circulation, and the work of many laborers. The question is, how should the past situation be viewed? I would like to mention a number of points.

First of all, regulating the amount of money in circulation has been carried on actively, with efforts focused on the essential objectives in each zone in each period. This has enabled us to satisfy currency needs quite well, reduce the rate of increase in inflation, and end the delay in making disbursements, which has been a serious problem since the 1st quarter of 1989. If the rate of increase in the money supply in 1988 was four times, then during the first nine months of 1989, the rate was approximately two times, and 4th quarter reserves were less than three times as compared with the amount in circulation at the end of 1988.

In 1988, the money supply percentage reached a peak of 22 percent, with the average being 12 percent a month. In 1989, the peak (in January) was 17 percent, with the average being eight percent. What is worth noting is that in the years prior to 1989, 70 percent of the money put

into circulation each year was used to cover the state budget deficit. Only 30 percent was used to satisfy production and circulation needs. But in 1989, the budget took only 55 percent, with the remaining 45 percent used for production and circulation.

As for the amount of currency in circulation, some people say that our country has ended inflation and entered a period of tight money. This is a very complex problem. In terms of seriousness, there have been many profound and clear analyses of the effects and causes of inflation. There are, however, different views on its quantitative manifestations as calculated by bases and methods, and different data have been disclosed. At the scientific debates, the majority of the people have said that we must rely on the formulas of Marx in order to determine the amount of money needed in circulation. Recently, after surveying other methods of making calculations and using data from 1980 (before inflation became such a serious problem) as a base, we have found a number, "X," which stands for the amount of money needed for circulation to 1989. Adding "X" to the amount of currency put into circulation, inflation is almost 30 percent. But as mentioned above, when looking at how the currency is used, it can be seen that the percentage of the money used to compensate for the state budget deficit has dropped from 70 percent to about 55 percent today. This money is not guaranteed by commodity materials, and little of it returns to the banks. Actually, this is inflationary paper currency for financial expenditures. This is the heart of the problem. As for the currency issued through credits for production and circulation (which had been about 30 percent of the currency issued but which has now increased to 45 percent), credit, too, is mired in state subsidies and cannot satisfy the capital needs of economic activities. Thus, money is tight for the economy (above 30 percent as compared with "X") at a time when there is still inflation. That is, there is inflation with respect to financial expenditures and a tight money situation with respect to economic activities (we have not ended inflation and entered a period of tight money). It is not easy to stop issuing money for financial expenditures in just a short period of time, because the basis for balancing the state budget is the results achieved in renovating the economic structure, the results of commercial production, the mobilization policies from the national income, foreign finances, and the management and use of the country's sources in the spheres within the national financial system. Clearly realizing this point, recently, the state authorized issuing more money. At the same time, it applied many measures that will contribute to regulating money supply for finance and for production and circulation based on the target of gradually reducing and eventually ending supply for budget expenditures as proposed in the resolutions of the Party Central Committee and National Assembly.

The inflation index is usually reflected in the rate of increase in commodity prices. In Vietnam, in the past period the state has implemented many price control

campaigns and raised price floors many times, which has led to an increase in inflation. In the process of monetarizing the exchange of commodities and regulating the national economy, the money supply has increased because of the requirements of settling accounts among the various economic units. In particular, in our country's markets, sudden price increases are affected above all by the price of grain, gold, and foreign currency. Thus, for a long time, the rate of inflation has exceeded the rate of currency increases. In 1981/1980 the ratio was 170 percent to 163 percent; in 1985-1984, it was 192 percent to 170 percent; in 1986/1985, it was 587 percent to 454 percent; and in 1988/1987, it was 493 to 451 percent. But in 1989, as compared with 1988, the reverse is true. That is, the currency index is 260 percent as compared with price increases of about 150 percent. In the inflation index, prices on the organized markets have increased faster than those on the free markets. During the period 1981-1985, prices on organized markets increased 10 times while those at the free markets increased only five times. During the period 1986-1988, the increases were 12 and 11 times respectively. On the other hand, the fact that prices and currency have increased while wages and allowances have lagged has had a powerful effect on living conditions and social psychology and disrupted many things. Besides this, the shortcomings in the management and regulatory mechanism and the many "whirlwinds" have contributed to this effect. Realizing the above situation, the state has resolutely guided the implementation of necessary measures and remained calm even when the price index rose to three figures. And it has not become subjective or self-satisfied now that the index has stabilized. (Obviously, we must be even more sensitive in this situation.) In particular, of the measures that have produced quick results, attention should be given to the breakthroughs using powerful "remedies": maintaining and stabilizing grain prices, the price of gold, and foreign currency prices. Today, the state must advance money to make purchases and maintain the price of paddy and agricultural products for the farmers and prevent prices from dropping below production costs.

Other important measures such as reorganizing construction and production, renovating the tax policies, adjusting the import-export structure, stimulating commodity consumption, controlling credit, and using the interest rate lever and the fact that we have had a good harvest and brought in commodities from many places have quickly stabilized the markets, improved social psychology, and improved the people's standard of living.

As for the problems in production and circulation and the jobs of the workers, some people have said that we have used a number of measures that are too strong and that these have led to a shortage of capital and a reduction in purchasing power. It's true that the economy "lacks capital." That is a very important factor. It can be said that capital and technology are the leading and long-term difficulties in developing our economy

and building our country. Capitalism used many cunning and cruel methods and passed through several centuries before it was able to solve these problems. Today's developing countries have had to borrow more than a trillion dollars. Many countries are bogged down in the problem. We are poor and have little capital and yet we continue to spend money without generating good results. We are used to state subsidies. We borrow without having the capability to repay the money. Recently, implementing the new mechanism, the banks implemented several measures aimed at eliminating state subsidies. This exposed the shortcomings and weaknesses of many enterprises in organizing and managing commercial production. After the Politburo arrived at a conclusion and measures were implemented, we had to become more flexible and patient in building and implementing things. Actually, we don't have to control inflation. All that is necessary is for the banks to withdraw capital and reduce the loan debts. We have had to triple the amount of currency and increase credit debt another 70 percent, with this almost doubling in Ho Chi Minh City. In Hanoi, this has increased 1.5 times at a time when the gross social product and the national income are low and prices have increased 1.5 times. The problem of capital cannot be solved by credit, because many enterprises have only 30-40 percent liquid assets and cannot set aside sufficient depreciation in order to improve technology or renovate goods. If they borrow money from the banks at today's interest rates, they will not be able to gain control. They will be working for the banks, and they will not make enough to repay their bank loans. Because of this, besides implementing measures to deal with the challenges and resolve the difficulties at the production units, the state should actively contribute to restoring assets to the minimum level for the enterprises (with bank loans taken only in limited amounts). Today, the state bank does not have allocation capabilities but must still regulate things using non-interest bearing loan advances and expanding commercial and consumer credits and various types of discounts and market instruments. In the past period, measures for mobilizing capital and attracting currency, especially savings, have been implemented like a spearhead, and clear results have been achieved. Reserves have increased to almost 1 trillion dong, notable contributions have been made to reducing the money supply, and more than 70 percent of the credit capital has been used to make loans (this does not include amounts mobilized by and the loans of the cooperatives or the credit funds). The remaining problems, such as adjusting interest rates and managing the currency markets and the lead-out of the currency mobilized, will certainly be solved in the coming period. But it should not be thought that if we mobilize 1 trillion dong this year, next year we will have to pay 1.6-1.8 trillion dong. That is the germ of inflation. It must be affirmed that thanks to using the 1 trillion dong mobilized (if they don't save the money, people will not spend it all on state goods), there has been a sharp drop in inflation, and the state budget has not had to allot huge sums of money to cover the drop in value as in previous years (it's estimated that for every 1 billion, expenditures

must be two-three times greater). In the future, depositors won't withdraw all their money and interest, with the result that money can be paid to one person while mobilizing money from someone else. Thus, reserves will increase continuously.

Besides the results that have been achieved, there are still many problems that must be solved, and others will arise. We are aware of the "nervous system" role of currency. Continuing to renovate the currency-national finance policy mechanism and organizing banking and credit activities are pressing tasks that must be discussed

soon, if not at a plenum of the CPV Central Committee then at a session of the Politburo. The policies and measures must be turned into laws in order to satisfy the requirements of today's situation and tasks.

**Initial Experiences in Implementing Anti-Inflation Measures**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 37-42

[Article by Truong Xuan Le; not translated]

**Hanoi in the Territorial Space Strategy of the Country***00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 12, Dec 89 pp 43-47*

[Article by Tran Dinh Gian; not translated]

**Guidelines for Arranging and Using Sources of Laborers and for Providing Jobs in the Red River Delta***902E0184C Hanoi TAP CHI CONG SAN in Vietnamese No 12, Dec 89 pp 48-53, 58*

[Article by Nguyen Huu Dung; MA in economics]

**[Text] I. The population situation and sources of laborers in the Red River Delta. Conflicts that must be resolved.****1. Population growth:**

Today, there are about 15.4 million people in the Red River Delta. Although the natural population growth rate of this area has gradually declined, the absolute number of people has continued to increase. During the period 1981-1990, the population has increased by 220,000 people a year, and it is predicted that the population will increase by 130,000 people a year during the period 1991-2000. The process of reducing the natural population growth rate in this area has proceeded very slowly. During the period 1985-1990, the rate has declined only 0.04-0.05 percent a year. This area accounts for 22.19 percent of the entire population of the country but only 5.3 percent of the land area. The per capita natural area is very low, that is, approximately 0.115 hectares per person. In particular, the average figure for farmland is only 0.063 hectares per person. This is one of the most serious conflicts of the Red River Delta as compared with other areas in the country.

The fact that there is a large population and little land and that there has been a gradual loss of agricultural land has had another result. The population density of the area has increased continually. During the period 1981-1985, 267,666 people were sent to build new economic zones, but that is only 15 percent of the population increase. Thus, moving people out of the Red River Delta continues to be a strategic problem.

**2. Sources of laborers and jobs:**

About 51 percent of the people in the Red River Delta are of work age. This is the highest percentage in the country. Each year, about 200,000 people enter the labor work force. In 1988, there were approximately 7.1 million laborers, of which about 4.5 million were agricultural laborers. There are abundant sources of laborers, but their quality does not meet the requirements of economic development, and the structure of the labor sources is not rational. There is a large number of scientific and technical laborers, accounting for 57 percent of these laborers nationwide, but they are concentrated mainly in the large cities (Hanoi, Haiphong, Viet

Tri, and Nam Dinh) and in state sectors (approximately 80-85 percent). The rural areas and agriculture lack scientific and technical cadres, and the level of mechanization is low.

In the past period, we have sent laborers from the Red River Delta to build new economic zones and provided jobs for hundreds of thousands of laborers. But that process has been carried on very slowly. It has not basically altered the labor structure in the area. Moving people is still compulsory in nature and so little has been achieved. During the past eight years, 135,488 people have been sent to build new economic zones, and each year jobs have been provided for 170,000 laborers. But this is equal to just 8.5 percent of the increase in the number of laborers.

As for structure, agricultural laborers still account for 55-60 percent of all laborers in the area. In the three key rice-growing provinces (Thai Binh, Ha Nam Ninh, and Hai Hung), the percentage is even higher. In agriculture, most laborers are engaged in crop growing (with 90 percent of these engaged in rice cultivation). Animal husbandry and other occupations have not expanded. This has resulted in a surplus of laborers. Today, there are an estimated 1-1.2 million surplus laborers. And in places where only rice is cultivated, the number of surplus laborers is even higher.

In summary, population and job pressures in the Red River Delta continue to be very serious. This stems from the following conflicts and difficulties:

First, we do not have synchronized policies, mechanisms, and measures for expanding the population in a rational manner and making effective use of the arable land and natural resources. As a result, the norms on relationships between population-laborers-resources-jobs and the standard of living are still serious, and they are becoming more and more serious every day. The population density is increasing, and the average farming area is declining. The per capita grain average is very low as compared with the country as a whole, and it is standing still. It is essential that people be sent to new economic zones in order to solve the land shortage problem. But with respect to labor viewpoints, attention must be given to exploiting the factors in depth, providing jobs on the spot in conjunction with implementing the policy of economizing on land, promoting intensive cultivation and multicropping, and expanding the area. The potential here is quite great.

Second, the economic and investment structures and labor allocations in this area are very backward. They were formed spontaneously based on self-sufficient production and monocultural rice cultivation. They are not in accord with the requirements of developing the economy in the direction of integrated commercial production. Thus, the lack of work outside the agricultural season is quite widespread. On the other hand, the Red River Delta enjoys many advantages with respect to natural conditions, the level of socialization, the quality



of the laborers, and the level of intensive cultivation. But yields and labor results are very low, and the two problems of food and jobs for the people have not been solved.

Third, the conditions for transforming the economy from a self-sufficient economy to a multi-faceted commodity economy and for expanding foreign economic relationships are lacking. What we lack the most are capital, an infrastructure, technical materials, raw materials, and markets. We have not exploited the strengths in broad economic ties between the urban and rural economies or between the urban and suburban economies in order to manifest the strengths of each and help each other.

## **II. Guidelines for expanding the population, making effective use of the labor sources, and providing jobs for the people in the Red River Delta in the coming period.**

### **1. Guidelines for expanding the population:**

The main target is to greatly reduce the natural population growth rate. An effort must be made to reduce the natural population growth rate to below 1.7 percent by 1990, to 1.55 percent by 1995, and to 1.45 percent by the year 2000. This must be closely coordinated with sending people to build new economic zones. Attention must be given to family planning throughout the area, particularly in the rural and coastal areas, in order to hit the target of 1-2 children per family.

### **2. Guidelines for allocating and using sources of laborers and providing jobs:**

As for labor, from now until the end of the 1990s, the area must create new jobs for about 700,000 laborers (including those entering the labor force each year and those already in the labor force). On the other hand, it must also provide sufficient work for approximately 1-1.2 million people, particularly in the rural areas.

An all-round problem is that everything possible must be done to free the labor potential and try making effective use of the labor sources and providing jobs to implementing the food program in accord with the five types of agricultural areas (old alluvial areas, new alluvial areas, marsh areas, acid and saline coastal areas, and river-bank areas).

According to these guidelines, in allocating laborers and providing jobs to people in the Red River Delta, there must be optimal coordination in developing the various elements of a commodity economy. Attention must be given to the family economy based on the new contract mechanism, including in the cities and the broad rural area. Providing jobs on the spot must be coordinated with mobilizing people to go build new economic zones. Expanding grain production must be coordinated with expanding animal husbandry and the cultivation of short-term industrial crops and high-level export vegetables and legumes. Rural-area and family industry must

be expanded. Production services and services that support daily life must be expanded, and a rich and varied family economy must be developed.

In the large cities and concentrated industrial zones such as Hanoi, Haiphong, Nam Dinh, and Viet Tri, the strengths of the national economy and the existing material and technical base and labor and scientific and technical potential must be manifested in order to expand production intensively and form economic and social centers in the area. The economic ties between the urban and suburban economies and between the urban and rural economies must be strengthened based on having the cities provide technical services to the rural areas and having the rural areas supply raw materials to the cities in order to expand industry and services, create and expand social markets for each other, and have the two become involved with each other.

In the rural areas, particular attention must be given to expanding the peasant family economy along with transforming self-reliant agriculture into commodity production agriculture and expanding the rural economy in all respects. The basic problem is to use the family as the basic unit in carrying on the production process, with the other types of labor outside the family being services. Based on the accumulation of each family, there must be a new division of labor. Cooperative needs must be developed, and a new division of social labor must be formed to replace all of the methods used to allocate laborers in the area.

With the above viewpoints, the guidelines for allocating and using laborers and providing jobs for the people in the Red River Delta in conjunction with the food expansion program are as follows:

#### **a. Allocating and using laborers and providing jobs on the spot:**

In today's conditions, in order to exploit the strengths of the natural conditions, scientific and technical potential, existing material and infrastructure base, and labor potential of the Red River Delta, allocating and using laborers and providing jobs on the spot must be viewed as the leading guideline based on exploiting the factors intensively and making maximum use of the factors extensively in accord with the capabilities. Specifically:

Labor must continue to be invested in order to promote intensive agricultural cultivation in the favorable agricultural areas (new alluvial areas and river-bank areas) and to increase crop yields in the difficult areas (old alluvial areas, marshy areas, and acid and saline coastal areas). This is the main guideline for attracting more laborers, because in these areas, there is still much potential for engaging in intensive cultivation and investing additional laborers per area unit. Carrying on intensive cultivation must be coordinated with doubling the land use factor. Attention must be given to expanding the winter crop (corn, potatoes, winter vegetables, and so on). Winter crops can be grown on approximately 300,000 hectares (which accounts for 40

percent of the annual crop growing land). Based on this guideline, an additional 140-150,000 laborers can be attracted each year.

There must be a rational allocation among grain crops, raw material crops of high economic value, and high-level vegetables and legumes for export in order to create many jobs for the people. For example, one hectare of rushes can provide work for 19 laborers, and 1 hectare of jute can attract 10-12 laborers. One hectare of mulberries can support hundreds of people and create jobs for 25-30 laborers. Thus, with 36,000 hectares of river-bank land, if this land is used to grow mulberry trees, this will provide jobs for 100-110,000 laborers.

As for animal husbandry in the area, this involves mainly increasing the number of hogs and poultry (chickens and ducks) for export and expanding the herds of buffalo and cattle for use as draft power. The laborers for animal husbandry are mainly secondary laborers and the spare laborers in the families. The problems of feed processing and technical services (breeding and protecting the animals) must be solved satisfactorily, circulation must be expanded, and the markets (export products) must be stabilized. As for raising fresh-water fish and shrimp for export, there must be a division of specialized labor in the families, and the contract form must be expanded in order to mobilize capital and make better use of the laborers.

By expanding rural industry and cottage industry, many more laborers can be attracted. The great strength of the Red River Delta is that it has the capabilities to expand traditional occupations to support exports (weaving jute, rushes, and silk, and producing fine arts). It can greatly expand the marine and agricultural products processing industry for export and animal husbandry export, and expand processing activities for export on a small scale based on each family. Reality has shown that once agriculture has been coordinated with small industry and handicrafts, the family economy will grow well and the lives of the peasants will improve. Thus, the main guideline is to encourage those who are skilled in some job to do that job. But the household must be the basic unit in order to organize the laborers, allocate the labor, and use the laborers. If the percentage of laborers in the area increases to 22-25 percent, by 1990 it may be possible to attract an additional 220-230,000 laborers. And by 1995 it may be possible to attract an additional 770-980,000 laborers to cottage activities. That is an average of 110-140,000 laborers a year. As for expanding production services and services related to daily life, by 1995 another 150-200,000 laborers can be attracted.

Forestry must be expanded, concentrated forests must be planted, and dispersed crops and coastal crops must be planted. This is the guideline for attracting many laborers. Today, the area has approximately 64,000 hectares (of which 50,000 hectares are bare hills and 13,000 hectares are coastal land) that must be covered in order to raise the percentage of the area covered 10-15 percent. An effort must be made to cover 34,000 hectares

a year through 1994 (based on the 1981-1988 afforestation rate). This will require about 15-20,000 laborers a year. In order to ensure that crop cultivation is effective, quotas must be given to households based on the mechanism for transferring land and forest areas.

In order to provide jobs on the spot, another very important direction is to invest labor and capital in expanding the area. The capabilities for expanding the area are still very great. About half of the country's ponds and lakes are concentrated here. There are great capabilities for leveling and installing things and encroaching on the sea, especially in a number of areas such as Dinh Vu in Haiphong, Vanh Islet in Thai Binh, and Du and Thoi islets in Ha Nam Ninh. A total of 50,000 hectares can be expanded for crop growing. In the next seven years (to 1995), if 60 percent of this area is reclaimed, each year there will be an additional 4,200-4,300 hectares, with each hectare requiring 10 laborers per year. That will create jobs for 42-43,000 laborers. After putting the land to use, jobs can probably be created for an additional 21-21,500 laborers. The main form of using the laborers to reclaim and expand the area will be contracts. The state will invest additional capital and machinery. As for reclaiming sea areas, things must be done based on having key points and doing things step by step based on the formula "rice encroaches on rushes, rushes encroach on the brugiera gymorrhiza, and the brugiera gymorrhiza encroach on the sea."

b. Promoting a distribution of labor and providing jobs in conjunction with the new economic-population growth:

Renovating the distribution of labor in the Red River Delta and providing jobs on the spot based on the above guidelines is basic. But each year, there will still be a surplus of 150-200,000 laborers. Thus, in distributing and using laborers, attention must be given to the following:

We must continue to move people from the Red River Delta to new economic zones outside the provinces on a suitable scale. The Red River Delta provinces that must promote migration are Thai Binh, Hai Hung, Ha Nam Ninh, and Hanoi. The principal locations to which they must move are the Central Highlands, the eastern region of Nam Bo, and the northern mountain region (Quang Ninh, Hoang Lien Son, and Lai Chau). In the target allocation, the percentage of families with laborers, capital, and experience in commercial production must be increased in order to achieve better results in organizing production and commerce in the new economic zones.

Things must be organized to send professional laborers to the northern mountain areas in order to exploit the forest products. There they can work as carpenters and masons, produce brick, tile, and ceramics, process forest products, and perform two-way commodity circulation services between the mountains and the lowlands. If there is a good mechanism and a good policy, this will attract hundreds of thousands of laborers.

Laborers from the Red River Delta must be sent to work abroad. Or they must make processed goods for export on the spot. Also, laborers must be encouraged to work at enterprises started with foreign investment capital. These are important and effective ways to provide jobs. The number of laborers attracted to this will depend on the agreements signed by the state. The region can supply 80-100,000 laborers to satisfy this need.

### III. Perfect the Red River Delta Labor Mechanism and Policy

In order to free the labor potential, make effective use of the labor sources, and provide jobs based on the above guidelines, the most important thing is that the state must have a rational policy and mechanism in order to solve the problems related to production and laborers.

#### 1. On population policy:

In order to hit the targets mentioned above, on one hand, the state must have investment capital in order to provide convenient technical services at the bases. On the other hand, rights must be tied to the responsibilities of those engaged in providing technical birth control services and family planning services. In the rural areas, the population policy must be tied to the land policy. Land should be given only to those families that meet the family planning standards. No additional land should be given after the second child. Land for building houses should be allotted based on this principle, too.

#### 2. Perfect the policies and mechanisms for stimulating and expanding the peasant household and family economies:

People skilled in a particular job must be encouraged to work in that field. But the family must serve as the basic unit in labor organization and division. Attention must be given to expanding the model of families engaging in both agricultural production and in small industry and handicrafts and services or expanding animal husbandry and engaging in agricultural and forestry activities. The most important problem today is that we must continue to perfect the contract mechanism in agriculture and expand the contract form in order to generate a high agricultural commodity percentage. There must be a favorable tax policy with respect to households that invest large amounts of capital to reclaim wasteland, marsh land, and coastal land to expand the area. They must have the right to pass that area on to their children.

#### 3. Perfect the policy of moving people to build new economic zones:

Basically, the crowded Red River Delta provinces must actively send people to build new economic zones in a planned way based on conducting surveys and formulating specific projects and plans. The central echelon will invest only in large specialized cultivation areas and commodity production zones that can create many jobs for the laborers. Investments must be concentrated, and everyone must be mobilized in order to conclude things,

put things into use, manifest results immediately, and stabilize living conditions for the newly-arrived people.

The share arranged for the localities with the help of the central echelon must be based on this method. The method is to have the state invest one part, the localities invest one part, and the people contribute one part. The sites must be rezoned. In doing this, it must be determined which zones to reserve for the laborers, which zones require state investment, and which zones to set aside for contracting, which must be done with the guidance of the state.

As for organization and management, the state must concentrate on managing things and investing in the new economic zones. At the central echelon, an investment control apparatus must be organized (in the localities, it is the investment head), and a service organization (to welcome people, supply materials, survey sites, organize contract federations, provide daily services, and so on) must be formed. At the same time, these will be centers for dealing with international organizations in the spheres of moving people and building new economic zones.

4. A policy must be formulated to guarantee the laborers' right to move from one zone to another based on the regulatory mechanism of the labor market. Above all, studies must be done and labor laws must be promulgated. Also, social insurance statutes must be promulgated for the economic elements outside the state sector, and labor protection laws must be promulgated.

#### 5. Perfect the social welfare policy:

In order to enable the targets of the social policies and the families that are engaged in commercial production to stabilize and improve their lives, the state will promulgate favorable policies in accord with the new economic management mechanism and the capabilities of the economy. Above all are the policies on giving priority to allocating good land for farming, making low-interest loans for investing in production, reserving agricultural materials (insecticides and inorganic fertilizer), waiving or reducing a number of contributions such as the water conservancy fees, the management fund, and the new economic fund, providing implements, draft power, and man-days when necessary, and giving priority to sending the children of policy families to study culture, specialties, and occupations and work abroad. A portion of the yield from the contract land must be reserved to help the policy targets during the preharvest lean period or whenever they experience unexpected difficulties. Social funds must be established, and many sources of contributions must be mobilized for use in hitting this target.

### Intellectuals and Social Policy on Intellectuals in the Party's Renovation Movement

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 54-58

[Article by Nguyen Thanh Tuan; not translated]

**An Giang Builds the Village Level**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 59-62

[Article by To Thanh Tam; not translated]

**Improving the Quality of Party Chapter Activities in the Rural Areas**

902E0184D Hanoi TAP CHI CONG SAN  
in Vietnamese No 12, Dec 89 pp 63-66

[Article by Nguyen Xuan Hai]

[Text] Today, party members in the rural areas account for almost 50 percent of all party members. They belong to tens of thousands of party chapters and are directly leading the masses in combat on the agricultural production front and in building the new rural area. However, something that must be given attention is that many party chapters have been slighted internal activities, or their activities are not good. As a result of this, party members have lost their combat will power, and the leadership prestige of the party chapters has declined.

In order to improve the quality of rural party chapter activities in this situation, many things must be done. First of all, there must be a suitable form of organization for the party chapters. The contents of the party chapter activities must be renovated, and the leadership of the chapter committees and the guidance of higher echelons must be improved.

There must be suitable forms of organization for the party chapters based on the leadership requirements, number of party members, and the places where the party members reside, work, provide support, and study. In previous years, party chapter organization in the rural areas has been based mainly on production units. This form was suited to the special production characteristics in the rural areas at that time, and this manifested the leadership and combat role of the party. But since the 6th Party Congress, especially since the promulgation of the Politburo's 10th Resolution on renovating economic and agricultural management, this organizational form has proven to be inappropriate. Previously, the unit was both the production management unit and the social management unit. Today, production management is limited to the service and product receivables and payables sectors. The production cells in the rural areas are composed mainly of peasants and their families. On the other hand, the number of retired cadres and soldiers is increasing continually, and most are party members. This is why the number of party members in the rural areas is increasing so quickly (of these, 30-50 percent are retired cadres and soldiers and in some villages the percentage is as high as 80 percent). These people have special characteristics, activities, occupations, and personal aspirations. A number of party members originally came from rural areas. In the past they were interested only in growing crops and rarely left their hamlets. But now, they have begun to work in other sectors and

circulate widely, and so they are rarely at home. As a result, it is not easy to control and organize activities. Because of these things, besides maintaining other types of party chapters, many party organizations in Thai Binh, Ha Nam Ninh, Hai Hung, Vinh Phu, and rural Hanoi have boldly changed the production unit form of party chapter to the hamlet form of party chapter. This form has proven to be suited to the new situation. This form makes it possible to tie the party members to the organization and the organization to the party members in party chapter activities.

One of the problems of party work in the rural areas today is the contents of party chapter activities. Surveys conducted in many localities have shown that many party chapters cannot control the contents of the activities, and the contents of the activities are very poor and impractical. As a result, the leadership, educational, and combat nature of the party chapter activities is very low. In my view, there are several reasons for this state of affairs. The bases have not adhered firmly to the requirements and basic contents of party chapter activities. Higher-echelon party committees have not provided concrete and timely guidance. But the main reason is that the chapter committee collectives and party members in the party chapters have not changed in keeping with the new situation, and they are confounded by the new demands of the political tasks. As a result, they lack creativity and have not taken the initiative in improving the contents of party chapter activities.

The main purpose of party chapter activities is to study and debate the problems concerning the lines and policies of the party. A number of rural party chapters have not implemented this theme well. Party members in the rural areas have complained that higher echelons have "produced" too many resolutions. Party members can't keep up with them. Moreover, these resolutions are all quite similar. It's impossible to determine which ones are basic. Guidance in implementing the resolutions is usually slow, many of the words used are difficult to understand, and the quality of the printing is poor. The committee chapters are rarely trained in advance, and when they are trained, the training is usually very brief. The books and documents used in training are hard to obtain, and they are expensive. The political training atmosphere in the party chapters is often very "heavy" and rigid, and the debates are very dull, with everyone in total agreement. In order to overcome this situation, the first thing is to determine which resolutions and problems need to be disseminated and which ones need to be studied carefully and regularly. The political study forms and methods used at the party chapters must be renovated in ways that will make them more lively and suited to the party member targets. Attention must be given to building a network of reporters from the party chapters on up. The sessions to study the resolution of the central echelon, particularly the viewpoints, lines, and politics of the party on economic and social development, must be very serious. Everyone must be helped to study the resolutions fully and correctly instead of doing things in

a slipshod manner. The party should provide the party bases with a number of basic documents such as party newspapers and magazines.

The most important element of party chapter activities is to debate leadership work in order to implement the locality's political tasks successfully. But today, this element is proving to be very difficult for many rural party chapters. It is difficult because party chapter organization is still inefficient as discussed above. On the other hand, there is a lack of guidance from higher echelon party organizations. And for a long time now, the common idea has been that the party is the organization with supreme power. The party must directly lead and control every sphere of social life. In order to overcome this difficulty, party members must renovate their thinking and correctly understand the leadership role of the party in the new stage. The party leads but does not directly control things. It does not encompass everything or replace other elements. The party sets the direction but does not manage things directly. If the rural party chapters want to determine their specific leadership tasks correctly, they must grasp the lines and policies of the party and state, particularly the agricultural development lines and policies. On the other hand, they must stick to things closely and carefully analyze production, living conditions, and the needs of the peasants. The policies of the party are creating new leadership tasks for the rural party chapters. The economic leadership tasks of the party chapters today are no longer a matter of numbers or specific tasks. Instead, directions must be set for production and the expansion of the sectors in accord with the requirements of the new stage. This task is manifested in reviewing the commodity production experiences and the experiences of the families that have carried on economic activities excellently. This is a matter of organizing the implementation of the contract policies and the policies on product delivery, commodity consumption, and the construction of infrastructure bases in order to expand production and improve the people's standard of living. There are many tasks in developing the new rural society. These include leading the authorities, controlling the implementation of the laws, organizing the lives of the people, and looking after the material and spiritual lives of the social targets. There is also much that is new about the task of leading the mass organizations. How should the party lead the youth union, women's association, peasants' association, and other social organizations? How can it obtain the opinions of the masses and mobilize the masses? If the party committee collectives stick to these important problems, concentrate their intelligence, and take the initiative, they will certainly be able to set tasks for their party chapters and party members to carry out.

Self-criticism and criticism are also common elements of party chapter activities. Today, many rural party chapters are not carrying out these elements satisfactorily, with the result that party chapter solidarity is poor. A number of party members are "paralyzed." They have lost their combat strength, and they violate party

member standards. Some have even stood outside the position of citizens. These people lack discipline in speech, they refuse to obey the party committee echelons, and they have not carried out the tasks assigned by the party chapter. Some ringleaders have incited peasants to oppose the authorities, break the laws, redistribute the land and collectives, and beat cadres. If party chapter activities implement the self-criticism and criticism measures correctly, promptly put a stop to such things, and enforce the laws, such things will not happen. To ensure that self-criticism and criticism in party chapter activities have an effect, steps must be taken to create a spirit of resolute struggle, honesty, loyalty, daring to speak the truth, and speaking the truth in the party chapters. On the other hand, the party chapters must do a good job in managing the party members in all respects: background files, thinking, relationships, and activities. When carrying on criticism, attention must be given to party member qualities such as political viewpoints, moral qualities, and prestige among the masses. To prevent the self-criticism and criticism atmosphere from becoming too tense, going into the petty details and quarreling must be avoided, because this just wastes time. A wide variety of activity methods must be exploited and used in carrying on self-criticism and criticism. The chapter committees must set an example in carrying on self-criticism before the party chapters. This is one way to intensify self-criticism and criticism in party chapter activities.

The three basic elements of party chapter activities as explained above are closely related to each other. The party committee echelons must be creative in arranging the activity programs. These three elements cannot be carried on at every meeting. Instead, activities can be carried on based on a particular theme with the goal of improving the leadership capabilities of the party chapter and improving the capabilities and qualities of the party members.

To improve the quality of rural party chapter activities, attention must be given to the leadership role of the chapter committee. Reality shows that if a place has made many mistakes and the party chapter activities there are lax, the reason for this is that chapter committees having correct standards in line with the political tasks have not been elected. Some chapter committees have very low standards, and they do not understand party building. Some have even issued erroneous resolutions that violate the law and that oppose the authorities and higher-echelon party organizations. Some chapter committees have failed to set an example, and they have violated party discipline. As a result, the principles in party chapter activities are not implemented. The experiences of many places show that to have strong party chapter and chapter committee secretaries who can shoulder the responsibilities, the higher-echelon committees must determine their specific standards, functions, and tasks. Based on this, selection and training plans must be formulated. The leadership capabilities of the secretaries and chapter committees depend primarily on

their own personal motivation. Thus, particular emphasis must be given to organizing the activities of the party committee echelons. To ensure that the activities of the party committee echelons are of good quality, the secretaries must prepare the materials carefully, analyze the special characteristics of the party members and party chapters, divide the work, and help the chapter committee members prepare the contents for which they are responsible. It would be best if representatives from the village or district party committees were present at these activities. The themes raised at the party chapter meetings must be discussed in detail at the chapter committee meetings in order to achieve unanimity. If there are matters about which the chapter committees are unclear or which have not been prepared carefully, they should not be discussed by the party chapters. The chapter committee members must adhere to the principle of democratic centralism when carrying on activities, and they must have a lofty spirit of discipline in speaking, maintaining secrecy, and maintaining the prestige of the party committee echelons.

For a long time now, the provinces, districts, and villages have concentrated on economic leadership. Thus, in building the party, they have neglected looking after the activities of rural party chapters. In these places, when they have given attention to this, they have provided only bureaucratic-type guidance and just sent materials from higher echelons. They have not provided specific guidelines. It must be understood that higher echelon party committees, particularly the village and district party committee, are directly responsible for the quality

of the rural party chapter activities. Thus, one of the important tasks of the village and district party committees is to give regular attention to and provide concrete guidelines for party chapter activities. The party committee members in each village must be assigned the task of helping a few party chapters. These people must monitor things, attend meetings, regularly meet with the secretaries of the party chapters which they have been assigned to help, and regard this as one of their basic tasks. After each party chapter congress, the new party members must be sent to a district party school to obtain basic knowledge concerning party work. The contents of the training must be selected in accord with each type of party committee echelon and the time. But the training must include lessons on the principles of party building, the functions and tasks of the party chapters and party chapter secretaries, party activity principles and practices, party statutes, the relationship between the party chapter secretary and the authorities and mass organization, and so on. The district and village party committees must constantly gain experience in guiding party chapter activities, build good examples of party chapter activities, maintain the quality of the activities, have a wide variety of themes, manifest a good effect in leading things, and improve the capabilities and quality of the party members.

The rural areas and agricultural production are considered to be the leading front. The rural party chapters bear a heavy responsibility on this front. Thus, the entire party must give attention to improving the quality of rural party chapter activities.

### Why Is State Commerce in Hanoi Having Problems in Shifting to Profit and Loss Accounting?

902E0184E Hanoi TAP CHI CONG SAN  
in Vietnamese No 12, Dec 89 pp 67-73

[Article by Doan Dinh Hue]

[Text] State commerce in Hanoi is beginning to join the unified commodity market at a time when it still bears the burden of the state subsidies period. The municipal commerce sector can be compared to a "large ship," and perhaps this is why it cannot change direction quickly or be as mobile as a "small boat," that is, private commerce. In 1988, state commerce dong revolved only about six times, resembling a person who is "tired" and "out of breath." This year, no one knows how many times their dong must revolve in order to show a profit. All that is known is that at the beginning of 1989, the sector owed the banks about 2.7 billion dong.

During the first six months of 1988, the city did tests in switching to economic accounting at four state stores: the Thanh Cong store in Ba Dinh Ward, the Thuong Dinh store in Dong Da Ward, the Hom Market in Hai Ba Trung Ward, and the Hang Da store in Hoan Kiem Ward. During the six months that they carried on the income contracts, the average income of the four stores was good (averaging 60-100,000 dong per month per person, with the amount reaching 134,000 dong in one month). As a result of switching the units to economic accounting, the stores are more active and have many contract forms, with contracts with each laborer. The employees' attitude of serving the customers has improved greatly, and the capital is being used more actively, with the result that there is no pressure to borrow from the banks. Besides this, the stores have mobilized capital from the various classes of people and from the cadres and personnel in the unit.

After the tests conducted at the four stores concluded, beginning in January 1989, the city switched 112 stores, enterprises, and state commerce stations to independent economic accounting and collection quotas with basic contents. After paying the expenses, fulfilling their obligation to the budget, and returning the liquid assets, the remaining portion was the income of the units. Besides that, liquid assets were used to maintain and gradually expand business operations. The thing worth noting is that state commerce organized things well to support the lunar New Year festival in the capital. By handling the capital and business formulas in a timely manner, coordinating domestic business operations with import-export activities, and resolutely organizing the apparatus in accord with the new mechanism, many units have gradually switched to profitable commercial operations. A number of units have actively promoted sales and the rapid receipt of capital. They have forged ties with the sources of goods in order to make a profit, such as Store No. 5 on Le Duan Street, the Van Mieu shop, and the Bodega Store.

However, in the process of switching to economic accounting, municipal state commerce has just begun to understand that the commercial standards still contain many weaknesses. In general, the results of the commercial activities are still low. During the first six months of 1989, the units fulfilled only 48 percent of the sales plan and 32 percent of the budget payment plan for the entire year. Commerce in the city has still not been organized in a rational or careful manner. In the commodity circulation process, purchases have not been tied to sales, and the supply of industrial goods has not been coordinated closely with the purchase of agricultural products and food. As a result, commercial results have been poor, and there have been losses. Many sales clerks have been given the right to take the initiative in carrying on commercial activities, but they are still confused like an "industrial chicken trying to earn a living." Many units have a tendency to slight the sales element and specialized sectors. They engage in simple commercial activities, "evaluate the results" of each trip and each type of good based on the "five-and-ten store" model, and do not tie their activities to supporting production and life.

There are many difficulties in switching state commerce in the city to economic accounting, and many aspects are still inferior to private commerce with respect to economic results. I think that this is due to the following:

#### 1. Many laborers, but little knowledge about business:

The commercial forces in the city total more than 20,000 people in 42 corporations and 260 stores. (In the urban area alone, there are almost 12,000 people, eight corporations, and 87 stores at 331 sales locations. These take up an area of 98,165 square meters with fixed assets worth tens of millions of dollars.) Although there are many state commerce cadres and employees, they are not strong. From talking with the deputy director of the Commerce Service, I learned that the majority of these cadres and personnel are "children from distinguished families." They have not been trained well and so business is poor. Even though the businesses have already switched to the new mechanism, many sales clerks are used to the old way of "selling whatever happens to be available." The sales clerks are not concerned about the tastes of the customers. As a result of this, business operations have failed to make a profit. Today, the surplus laborers in state commerce in Hanoi pose a pressing problem. (Although there is a surplus of laborers, there is a shortage of professional sales cadres and excellent managers.) Something must be done to provide jobs and pay the more than 20,000 people in the city's commercial sector. This is a difficult problem to which everyone is trying to find a solution.

The problem is to train and select people talented in business. At the same time, the surplus laborers and poor-quality people who do not meet the standards must be transferred to sectors that produce other materials or removed from the commercial sector in order to reduce the burden on the economy.

## 2. Lack of commercial capital:

No economic organization can make a profit with just a small amount of capital on hand. In an age of competition, people are constantly trying to improve results in using capital by reducing costs, improving product quality, and stepping up sales in order to increase the rate of circulation of the capital.

Recently, the state set high interest rates (which were subsequently reduced to a rational level) in order to force enterprise directors to make effective use of the capital. In Hanoi, many corporations have allowed money to be kept in the vaults or they have kept the money too long. As a result, the corporations have had to pay excessive amounts of interest or fines. This has used up all their profits and even eaten into their capital. The huge debts, which have led to extended losses, have pushed many state commerce units to the brink of bankruptcy. According to figures of the Commerce Service, as of September 1989, state commerce goods worth approximately 100 billion dong remained unsold.

The shortage of capital added to the lack of activity in business has resulted in many commercial units using the "black quota" form, meaning that they allow private businessmen to do business at state stores. These people carry on business activities "around" the commercial employees and tax bureau using their own mechanism for buying things and setting prices, on condition that they pay a predetermined percentage of their profit to that store.

## 3. A flood of foreign goods:

The state advocates free circulation. This is aimed at creating additional sources of goods that cannot be produced in sufficient quantity domestically and at reducing the tension between supply and demand. During the scientific seminar on "Conditions and Environment To Maintain the Business Independence of the State Commerce Units," which was organized by TAP CHI CONG SAN in Hanoi, the scientists said: "The flow of foreign goods into the country is the second wave to hit the enterprise directors. As a result, the enterprises are striving to improve their techniques, improve the quality of their commodities, and lower product production costs." Markets in Hanoi are flooded with foreign cloth and so the price of domestic cloth has dropped 20-30 percent (many ready-made clothes are selling very slowly). If there is no foreign soap available, many stores sell half-lime, half-earth soap, and the customers have to buy it.

During the past period, business has been quite brisk at Hanoi markets. In particular, the business households have been selling various types of foreign goods. Along the major trading streets such as Hang Ngang, Hang Dao, and Hue streets, consumers can purchase all types of imported goods, from children's toys to clothes, chinaware, and expensive electronic goods. Inspections conducted by agencies in Hanoi have shown that most of these foreign goods were smuggled into the country.

Goods are smuggled into the country using many different routes. The state does not have measures to control this and so it is losing large sums in uncollected taxes.<sup>1</sup> This has increased the competitiveness of foreign goods and had a great effect on domestic production. The problem is that the state must implement a policy to protect domestic goods.

## 4. Competition from other economic elements at the markets:

For a long time, the state commercial units carried on operations without competition. They controlled the markets and so they had no idea how strong they actually were. They had never tasted defeat. Who would dare tell state commerce that it didn't understand economic accounting? But the realities of market competition have shown that state commerce does not know much about business. The question is, What must state commerce do to play a guiding role through its own strength?

Since the beginning of 1989, at the markets in Hanoi, about 7,000 households have started businesses, and there are 508 business and service points of mass organizations and enterprises that are doing business worth an estimated 300 billion dong a year. And that does not include the dozens of large stores of state commerce that are selling goods retail in the city. The traders who don't pay the taxes are selling goods at reduced prices while state commerce continues to sell at high prices (the old prices). Furthermore, many goods of inferior quality continue to be put on the market. Because of their poor quality, they don't sell, and as a result, capital stagnates. To date, everyone realizes that in commercial trading, it is the private traders who have done the best. They are experienced, "skilled," and smart. They are serious about business and know how to please their customers. They are not slow and inactive like state commerce employees.

Let's take electronic goods on Hanoi markets as an example. Today, Hanoi has 165 stalls and stores independent of state commerce that sell various brands of television sets, radios, video cassette players, and so on. Of these, 94 are operated by private individuals. The rest are operated by mass organizations and enterprises. Usually, there are about 10,000 items available at the markets, which is about 30-40 times the number available from state commerce units. The electronic goods of the economic elements outside the state sector are not only crushing the state commerce units in terms of the number and type of items available and the sales network but are also beating state commerce on a number of fronts: prices are five to seven percent lower, and six month to one year guarantees are offered (not counting imported items or items assembled locally). The people who sell these items are experts in the use of these items and so they can provide the customers with detailed guidance. They are ready to help the customers install the items in their homes if the customers request this. The state commerce sales clerks know only how to sell goods. According to data of the Municipal Finance



Service, on a per capita basis, state commerce accumulation for the state budget is only about 25 percent of that of private commerce. During the first six months of 1989, state commerce sales were only double those of commercial entities outside the state sector.

Market competition has shown that unless the state commercial units in the city take prompt action to reorganize the apparatus so that it is capable of operating based on using economic results as the bottom line, state commerce will grow even weaker.

5. The economic policies are not synchronized or in tune with daily life. The state commerce bases don't have the right to manage business activities.

Our tax system has many shortcomings. It is biased and confusing. Many of the tax policies were promulgated using legal documents under the legal system and so the effectiveness is limited. Taxes have not played their role of regulating production and consumption or of ensuring social fairness. Tax evasion has become a very serious problem. The state budget is losing much money because of this.

To date, the state commerce bases still don't have the right to manage business operations based on Council of Ministers Decision 217: The state will give a norm for making payments to the budget, but this is still a so-called norm for guiding gross value, circulation expenses, and profit margin and controlling the wage funds. The basic income share is only 40 percent, which must be shared by three funds: the welfare, business expansion, and labor motivation funds. In my view, the norm for making payments to the budget should be based on the amount of capital contributed by the state, including both fixed and liquid assets (instead of being based on sales figures). Units that use large sums of state capital must pay large sums, and units that receive small sums should only have to pay small sums to the budget. That is the fair way.

The thing worth noting is that the state makes a distinction between state-operated production enterprises and state-operated commercial enterprises. Council of Ministers Decision 217 authorizes the state-operated production enterprises to trade with other countries. The state-operated commercial enterprises, however, do not have this right. I think that there should be equality in terms of both obligations and rights.

In order to overcome the present weaknesses and gradually affirm the guiding role of state commerce when switching to the new mechanism, I think that state commerce should implement the following measures:

1. Rearrange the state commerce system based on a new model:

First of all, it must be affirmed that the survival of state commerce is an objective necessity. Together with the state enterprises in the other spheres, it must play a guiding role in a multi-faceted economy. This is a

problem with the nature of a principle when forming a model of a planned socialist economy. This will ensure that the socialist state has the economic strength to control the economy based on socialist guidelines. For a long time now, because of an erroneous viewpoint on state commerce, we have run after "large scale" and tried to build too many corporations, enterprises, stores, and stations in excess of the needs and our economic capabilities. Thus, we must replan municipal state commerce in accord with the new mechanism. State commerce does not have to account for a large percentage, but it must control the key sectors (maintaining a suitable percentage in terms of number and type) and influence the national welfare and the people's livelihood and the basic needs of the people's lives. On the other hand, state commerce must control the markets, particularly the key markets at key points in time. As for other types of goods (which are not prohibited by law), the economic elements outside the state sector can be allowed to sell these items freely. The masses will trust state commerce if state commerce does not run after profits or allow the markets to control the needs of the masses.

In management, municipal state commerce must gradually separate property rights from property use rights (business rights). That is the only way to satisfy the needs of the multi-faceted markets quickly. Things must be reorganized in a rational way. Nonessential middlemen must be eliminated, and a rational quota mechanism must be implemented based on setting economic and technical norms. The corporations, enterprises, stores, and stations must reorganize the commercial production apparatus so that high economic results can be achieved. State commerce units that suffer losses must be disbanded or incorporated within other units based on renovating the business operations. New models can be formed. This includes joint commercial enterprises or commercial corporations. This is an economic organization that concentrates capital strength and that can exploit the individual strengths of each economic element, ensure the principle of voluntariness and equality, and share both the profits and the losses based on the participation percentage of each element. Forming new models is not subjective. It is an objective requirement of the economy. The problem is to formulate rational regulations and operating statutes for these new types of commercial enterprises and resolve the conflicts that arise concerning capital, commodities, assets, the management apparatus, and man. This is a very difficult problem that must be studied and discussed in depth if we are to arrive at a correct solution and perfect the new model.

2. Reorganize the ranks of laborers and handle the reserve laborers:

If the state commerce system is reorganized and streamlined in accord with the new mechanism, laborers will necessarily be displaced, and this leads to the question of what to do with these laborers. This is a problem for many municipal state commerce units, and so far no satisfactory solution has been found. Management based

on the old mechanism resulted in the state commerce units slighting economic results. The new income contract mechanism requires that the units must calculate profits and losses themselves and pay all the expenses.

It is essential to allow each state commerce unit to select people based on having a streamlined apparatus that can carry on operations effectively. The city should set only the following standards: The employees must be business professionals (experienced buyers and sellers) who have good moral quality. The management cadres must have the ability to organize and lead the units in fulfilling the plans, they must implement the policies and positions of the state well, and they must ensure that payments are made to the state budget and that the incomes of the laborers increase continually.

On the other hand, the state commerce units must winnow out those cadres and employees who have poor professional capabilities and poor qualities (even when they are the "children of important people) and enable them to go to a more suitable environment. Those who have reached or are about to reach retirement age should be encouraged to retire based on enabling them to maintain their standard of living. The unit's welfare fund can be used to give each retiree a certain amount of money based on their contributions to the unit (as many places have done).

### 3. On business capital:

To master the markets, state commerce must control the essential commodities. And to have commodities, you must have capital. Besides having the units mobilize capital from the people and from the cadres and employees of the unit, the finance and banking sectors must provide capital at a suitable rate of interest so that the units can obtain goods at the source and reserve commodities. At a time when the amount of capital on hand is small and the need for capital in order to expand business operations and take a greater share of the market is growing, I think that it is essential to establish a commercial bank. Recently, the capital of municipal state commerce has increased, but the amount is still very small as compared with the requirements. In particular, there is a serious shortage of liquid assets in the suburban units. The reorganization and improvement of the stores will also require a large amount of capital. The reorganization of the stores should be evaluated. Any store that is not needed can be put up for bid and the ownership level reduced. As for those stores that need to be maintained, investments should be made to upgrade them.

In allocating business capital to the units, a distinction must be made between units: Priority should be given to allocating large sums of money at very favorable rates of interest to those units that sell essential goods that the state must regulate in order to stabilize prices in the economy. Other units can be allocated normal amounts of money or not allocated any at all. The purpose of taking inventory and evaluating the commercial production assets based on

Council of Ministers Resolution No. 101 of 31 December 1989 is to determine the assets and give the state economic units the right to manage and use the assets. And they will be responsible for protecting the assets.

### 4. On organizing commercial operations:

Reality has shown that if a commercial installation does not start from the consumer needs of the markets, it will not survive or grow. Many units have organized business operations in an attempt to run after pure profits. They have even abandoned their primary functions and engaged in business outside their functions. In order to solve this problem, the state must determine operating "corridors" for each sector and each type of commercial installation. On the other hand, each primary unit must actively adjust commercial operations based on the allowed "corridor." Each primary unit must coordinate building a strong unit with expanding joint venture forms and establish a broad relationship with buyers and sellers based on having both sides profit. To expand joint ventures, the units must be strong, and they must have economic potential, a material and technical base, and effective business activities, because no one will engage in a joint venture with a weak unit. To carry on effective joint ventures, there must be economic equality and honesty among the participating elements. There must be joint ventures among units and joint ventures between circulation and production in order to create sources of goods, particularly essential goods. In reality, because of joint ventures, many units have learned how to organize business activities and so they have made a good profit and paid large sums to the budget, and the incomes of the laborers have averaged 100,000 dong per month.

### 5. On economic interests:

One of the main elements of switching to the new mechanism is establishing correct economic relationships and interests. Specifically, handling the three interests—state, enterprises, and laborers—correctly is the motive force for expanding the state commerce sector. Reality has shown that stimulating the laborers using material interests and clearly defining the obligations and responsibilities of the laborers play a decisive role in switching to socialist economic accounting. Contracting in accord with income based on giving rational budget payment quotas to the collectives and laborers is the proper way to expand the state commerce sector in today's conditions. However, to use this contract mechanism, attention must be given to creating material and technical conditions and capital and environmental conditions for the laborers.

It is essential to allow the state commerce units to send people to study abroad, adjust to the markets, sign trade agreements directly, import and export commodities, and accept investments from economic organizations and foreigners based on the investment law. There must be market regulations, and local "domination" must be overcome so that commodity circulation can penetrate

the entire country and spread abroad. State commerce must stick closely to the markets and be sensitive to the markets. The more commodities on the markets, the greater the need for higher quality and more varied forms and types.

**Footnote**

1. In 3 months, four urban wards collected 556 million dong in non-commercial commodity taxes. Hoan Kiem Ward alone collected 370 million dong.

**On the 'Development of Peace' Strategy of the  
American Imperialists in the Present Situation**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 74-77

[Article by Nguyen Van Trung; not translated]

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**The Year 2000 and a Few Thoughts on the  
Human Strategy**

*00000000 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 12, Dec 89 pp 78-79*

[Article by Nguyen Dinh Luan; not translated]

**The Appropriate Economic Strategy of Capitalism  
Today**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 80-85; 88

[Article by Vu Hien; not translated]

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**Socialism Has Great Potential and Cannot Be  
Perfectured by Capitalism**

*00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 12, Dec 89 pp 86-88*

[Article not translated]